

**WESTERN DUBUQUE COUNTY
COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

**OFFICIAL ISSUING REPORT
DAVID A. WEGMANN, BUSINESS MANAGER
BUSINESS OFFICE**

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page No.</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis (MD&A)	4-18
Basic Financial Statements	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Net Assets	A 19-20
Statement of Activities	B 21-23
Governmental Fund Financial Statements:	
Balance Sheet	C 24
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 25
Statement of Revenues, Expenditures and Changes In Fund Balances	E 26-27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 28
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 29
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 30-31
Statement of Cash Flows	I 32-33
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	J 34
Statement of Changes in Fiduciary Net Assets	K 35
Notes to Financial Statements	36-57
Required Supplementary Information	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual – All Governmental Funds and Proprietary Fund	58
Notes to Required Supplementary Information - Budgetary Reporting	59
Schedule of Funding Progress for the Retiree Health Plan	60

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

JUNE 30, 2009

**TABLE OF CONTENTS
(CONTINUED)**

		<u>Page No.</u>
Other Supplementary Information	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	61
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	62-63
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	64-66
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	4	67-68
Schedule of Expenditures of Federal Awards	5	69
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		70-72
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		73-74
Schedule of Findings and Questioned Costs		75-79

O F F I C I A L S

Name -----	Title -----	Term Expires -----
Board of Education (Before September 2008 Election)		
Bob McCabe	President	2009
June Brandenburg	Vice President	2008
Jeanne Coppola	Board Member	2010
Mark Knuth	Board Member	2009
Barb Weber	Board Member	2008

Board of Education (After September 2008 Election)		
Bob McCabe	President	2009
Barb Weber	Vice President	2011
Jeanne Coppola	Board Member	2011
Mark Knuth	Board Member	2009
Gary McAndrew	Board Member	2011

School Officials		
Jeff Corkery	Superintendent	2009
David Wegmann	Board Secretary/Business Manager	2009
Mark Frasher	District Treasurer	2009

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Western Dubuque County Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Western Dubuque County Community School District as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the District's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include financial data for its component units. The District has not issued such reporting entity financial statements. The assets, liabilities, net assets, revenues, and expenses of the legally separate component units are unknown, thus the amount by which this departure would affect the financial statements taken as a whole is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with the accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the Western Dubuque Community School District, as of June 30, 2009, or the changes in financial position thereof for the year then ended.

1415 LOCUST STREET
P.O. BOX 743
DUBUQUE, IOWA 52004-0743
PHONE: (563) 582-7224
FAX (563) 582-6118

MEMBERS OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
IOWA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

e-mail: oconnorbrooks.com

901 SPRING STREET
P.O. BOX 294
GALENA, ILLINOIS 61036
(815) 777-1880
FAX (815) 777-3092

Furthermore, in our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Western Dubuque County Community School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information, and Schedule of Funding Progress for the Retiree Health Plan are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Dubuque County Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements with the exception of the five years ended June 30, 2008. For the five years ended June 30, 2008, we expressed an unqualified opinion on the financial statements of the various opinion units of the primary government and we expressed an adverse opinion on the aggregate discretely presented component units due to the omission of the financial data for the District's legally separate component units. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
January 29, 2010

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Western Dubuque County Community School District provides this Management's Discussion and Analysis as a part of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

This Management Discussion and Analysis contains the following main areas beginning on the pages shown.

<u>Area</u>	<u>Page #</u>
Financial Notes	5
Overview of the Financial Statements	5
Financial Analysis of the District as a Whole	9
Changes in Net Assets	10
Financial Analysis of the District's Funds	13
Budgetary Highlights	14
Capital Asset and Debt Administration	15
Factors Bearing on the District's Future	16
Contacting the District's Financial Management	18

FINANCIAL NOTES

- The 2008-09 fiscal year was the second year of the District's renewed five-year Instructional Support Program (ISP). The new five-year program commencing July 1, 2007 and ending on June 30, 2012 was authorized and approved by the School Board on December 11, 2006.

Receipts:

Property Tax	\$348,460
Income Surtax*	949,730
State Aid	68,523
	<u>\$1,366,713</u>

Expenses:

Wages/Benefits	\$1,080,112
Private Schools	165,828
School Buses	0
Computers/Software	120,773
	<u>\$1,366,713</u>

- The General Fund June 30, 2009 unreserved fund balance increased from \$16,177 to \$1,360,269 resulting in a Financial Solvency Ratio of 5.36%.

2002-2003	3.500 %
2003-2004	0.400 %
2004-2005	0.100 %
2005-2006	1.630 %
2006-2007	2.200 %
2007-2008	0.069 %
2008-2009	5.360 %

Primary reasons for the increase were:

1. The District levy for cash reserve of \$1,063,218.
2. Payment of school buses from the Sales Tax Fund in the amount of \$365,799.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Western Dubuque Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing

information about the most significant funds. The remaining statements provide information about activities for which the District acts as a custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the non-major governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and contents of each of the statements.

<p align="center">Figure A-1 Major Features of the Government-Wide and Fund Financial Statements</p>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional schedules explain the relationship or differences between the two statements.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. ***Proprietary funds:*** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's Enterprise Funds, one type of Proprietary Fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Regular Education Preschool Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. ***Fiduciary funds:*** The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.
 - Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets - Figures A-2 and A-3 below provide a summary of the District's revenues, expenses, and net assets for the year ended June 30, 2009 compared to 2008 for the governmental and business-type activities.

Figure A-2
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2008	2009	2008	2009	2008	2009	
Current and other assets	26,735,328	26,223,006	426,688	439,810	27,162,016	26,662,816	-1.84%
Capital assets	27,409,092	26,937,437	130,453	172,110	27,539,545	27,109,547	-1.56%
Total assets	<u>54,144,420</u>	<u>53,160,443</u>	<u>557,141</u>	<u>611,920</u>	<u>54,701,561</u>	<u>53,772,363</u>	<u>-1.70%</u>
Long-term obligations	12,039,972	10,722,507	-	50,969	12,039,972	10,773,476	-10.52%
Other liabilities	19,038,710	16,263,412	13,929	13,278	19,052,639	16,276,690	-14.57%
Total liabilities	<u>31,078,682</u>	<u>26,985,919</u>	<u>13,929</u>	<u>64,247</u>	<u>31,092,611</u>	<u>27,050,166</u>	<u>-13.00%</u>
Net assets:							
Invested in capital assets							
net of related debt	17,524,092	18,442,437	130,453	172,110	17,654,545	18,614,547	5.44%
Restricted	6,793,975	7,803,445	-	-	6,793,975	7,803,445	14.86%
Unrestricted	(1,252,329)	(71,358)	412,759	375,563	(839,570)	304,205	136.23%
Total net assets	<u>23,065,738</u>	<u>26,174,524</u>	<u>543,212</u>	<u>547,673</u>	<u>23,608,950</u>	<u>26,722,197</u>	<u>13.19%</u>

Net assets either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, parking lots and so on.) Consequently, *unrestricted* net assets of the District's governmental activities showed a \$71,358 deficit at the end of this year. This deficit does not mean that Western Dubuque Schools does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments that are greater than currently available resources.

The District's total assets decreased slightly in the governmental funds group from June 30, 2008 to June 30, 2009 (from \$54,144,420 to \$53,160,443).

Figure A-3
Changes in Net Assets from Operating Results

	Governmental Activities			Business Type Activities			Total School District		
	2007-08	2008-09	Change	2007-08	2008-09	Change	2007-08	2008-09	Change
Revenues:									
Program Revenues:									
Charges for service and sales	2,026,052	2,089,918	63,866	993,060	1,138,234	145,174	3,019,112	3,228,152	209,040
Operating grants and contribut:	4,197,956	4,918,428	720,472	455,600	536,874	81,274	4,653,556	5,455,302	801,746
Capital grants and contribution	16,540	-	(16,540)	-	-	-	16,540	-	(16,540)
General Revenues:									
Property tax	10,628,749	11,236,794	608,045	-	-	-	10,628,749	11,236,794	608,045
Instructional support surtax	1,280,623	1,334,134	53,511	-	-	-	1,280,623	1,334,134	53,511
Statewide sales and services tax	2,572,549	2,503,911	(68,638)	-	-	-	2,572,549	2,503,911	(68,638)
Unrestricted state grants	9,534,122	9,681,270	147,148	-	-	-	9,534,122	9,681,270	147,148
Unrestricted investment earnin	563,032	347,450	(215,582)	14,790	8,033	(6,757)	577,822	355,483	(222,339)
Other	119,345	173,923	54,578	-	-	-	119,345	173,923	54,578
Transfers	-	(4,926)	(4,926)	-	4,926	4,926	-	-	-
Total Revenues	30,938,968	32,280,902	1,341,934	1,463,450	1,688,067	224,617	32,402,418	33,968,969	1,566,551
Expenditures:									
Instruction	16,606,535	18,145,410	1,538,875	95,839	148,846	53,007	16,702,374	18,294,256	1,591,882
Support services	8,012,457	8,222,344	209,887	-	-	-	8,012,457	8,222,344	209,887
Non-instructional programs	30,885	38,712	7,827	1,388,323	1,514,048	125,725	1,419,208	1,552,760	133,552
Other expenses	2,653,801	2,765,650	111,849	-	-	-	2,653,801	2,765,650	111,849
Total Expenses	27,303,678	29,172,116	1,868,438	1,484,162	1,662,894	178,732	28,787,840	30,835,010	2,047,170
Change in Net Assets	3,635,290	3,108,786	(526,504)	(20,712)	25,173	45,885	3,614,578	3,133,959	(480,619)

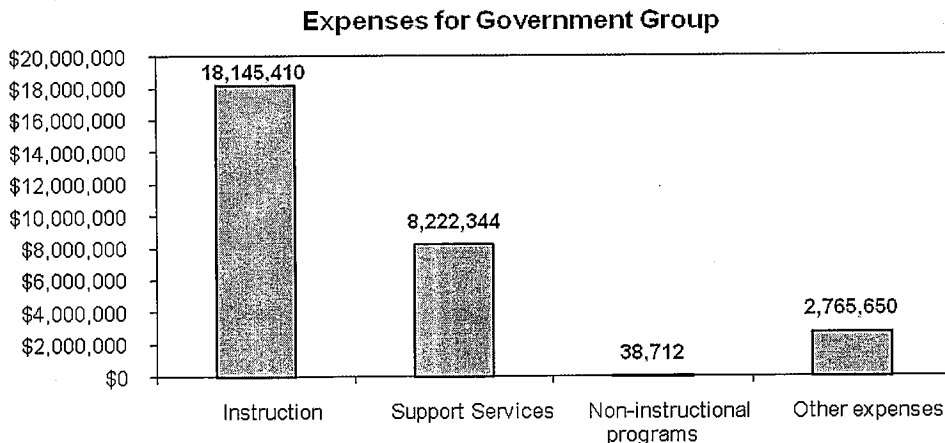
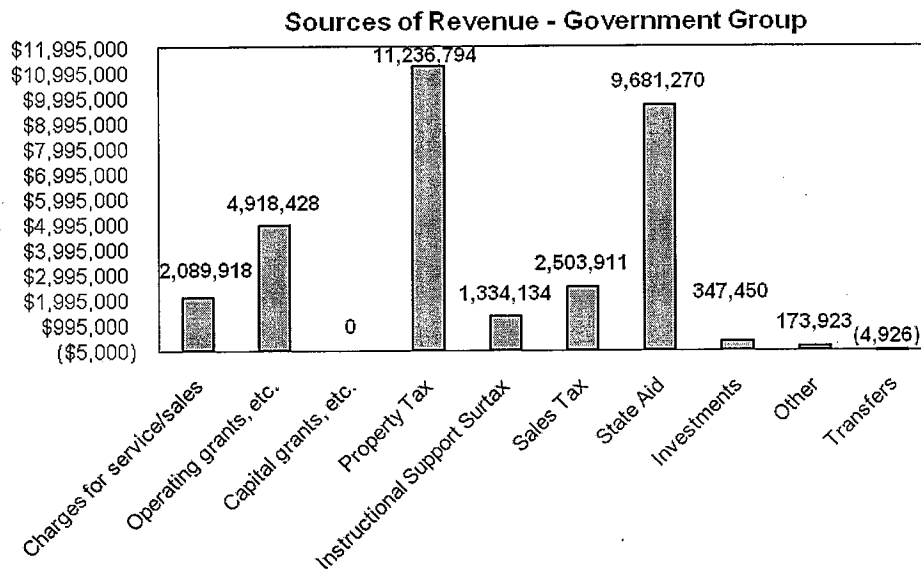
(COMMENTS ON NEXT PAGE)

Governmental Activities

Revenues for governmental activities were \$32,280,902 while total expenses amounted to \$29,172,116.

The District collects revenues from a number of sources other than state aid and property tax to fund its operations. Other significant sources include local grants, student fees, tuition, Activity Fund receipts, State grants and aid, and Federal grants.

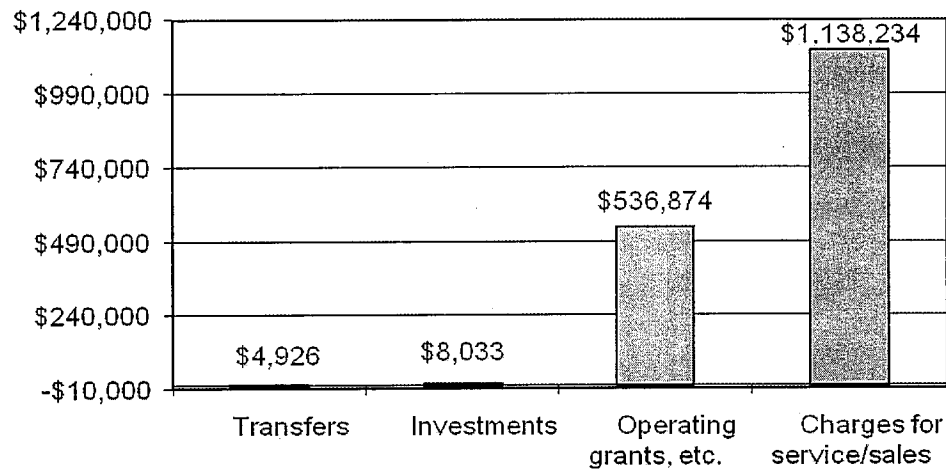
Bar Graph for Figure A-3 – Changes in Net Assets from Operating Results



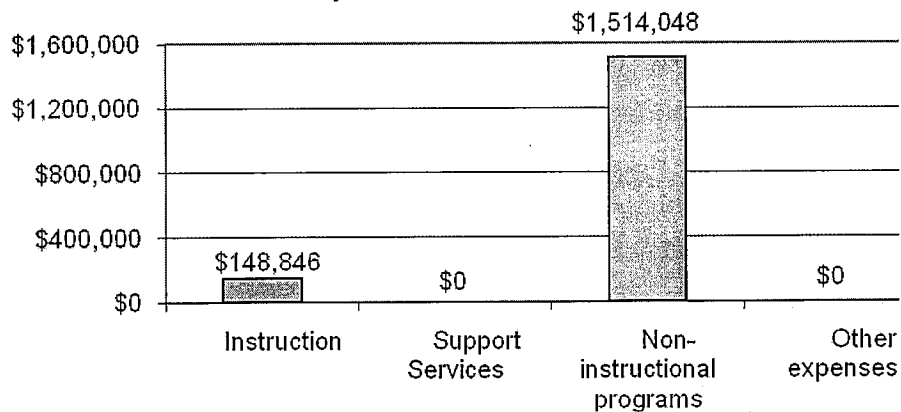
Business-Type Activities

Revenues of the District's business-type activities (School Nutrition and Regular Education Preschool Fund) were \$1,688,067 and expenses were \$1,662,894. Revenues of these activities were comprised of a la carte sales, charges for meals, tuition, interest, and federal and state reimbursements.

Sources of Revenue - Business Activities



Expenditures - Business Activities



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Western Dubuque Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund Highlights

- Following are ending fund balances of the various governmental funds and a discussion concerning the change in balances.

<u>Fund Name</u>	<u>2008 Balance</u>	<u>2009 Balance</u>	<u>Change</u>
General	\$ 171,888	\$ 1,482,283	\$ 1,310,395
Activity	485,160	574,790	89,630
Management	1,013,378	1,385,708	372,330
Physical Plant & Equipment	339,821	444,706	104,885
Capital Projects	4,622,760	5,093,639	470,879
Debt Service	177,145	182,588	5,443
	<u>\$ 6,810,152</u>	<u>\$ 9,163,714</u>	<u>\$ 2,353,562</u>

- General Fund: The \$1,310,395 balance is on the low end for the size of the District's total General Fund expenditures. The District's goal is to have an undesignated fund balance equal to 10% of its annual General Fund Expenditures. The District has taken a significant step to improve the balance by levying for cash reserve in the 2008-09 budget year.
- Activity Fund: Over 90 separate fund accounts for the various activity organizations are accounted for in the Activity Fund. Each account group has its own revenue and expense chart of accounts. The fund balance for this fund is adequate.
- Management Fund: This fund is used to pay for early retirement benefits and property/liability insurance. The increased fund balance is needed to pay insurance obligations coming due in early 2009-10 prior to taxes coming in and to provide needed reserves to offset retirement plan liabilities that will be shown on District financials beginning in fiscal 2008-09 per Governmental Accounting Standards Board (GASB) rules. Over time the District will need to consider increasing the fund balance in this fund to reflect future costs of its early retirement plan for eligible employees. Bi-annual actuarial reporting data on the District's early retirement plan is required by the Governmental Accounting Standards Board and should be used as a guide to ensure future funding of the plan.
- Physical Plant and Equipment Levy Fund: The \$104,885 increase is due primarily to fewer and less costly maintenance projects that were undertaken in the 2008-09 fiscal year. The P.P.E.L. Fund is generally earmarked for the following three purposes.
 1. Instructional equipment.
 2. School vehicles.
 3. Buildings and Grounds projects.

The District needs to consider a voted PPEL to ensure its future ability to adequately maintain and equip its infrastructure. A voted PPEL would bring in an estimated \$1.2

million in annual revenues to help with the above listed purposes. The current School Board approved program provides approximately \$300,000 in annual revenues.

- **Capital Projects Fund:** Revenues in this fund come from the one-cent sales tax for school infrastructure from the five counties in the District. In fiscal 2008-09 the District received \$2,503,911 in sales tax receipts from those five counties. In June of 2003 (fiscal year 2003) the District issued \$11,000,000 of revenue bonds for construction projects at Cascade High School, Dyersville Elementary, Peosta Elementary, Drexler Elementary and Western Dubuque High School.

The annual principal and interest payment of \$1.32 million for the repayment (10 years) of the \$11,000,000 bond issuance is paid for from annual sales tax receipts. In addition to the annual interest and principal payment, the District is currently allocating \$250,000 per year for general infrastructure projects from the Fund. Annually the District will have approximately \$1.2 million remaining after payment of debt and approved projects.

- **Debt Service Fund:** The ending balance increased slightly from \$177,145 to \$182,588 due to investment interest. The fund balance is adequate to meet the cash flow needs of this fund which is used to pay principal and interest on the District's outstanding debt.

Proprietary Fund Highlights

The School Nutrition Fund net assets increased from \$522,500 on June 30, 2008 to \$547,673 on June 30, 2009. Increased federal revenues of \$84,266 were a significant reason for the increase in total net assets.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and a hearing for all funds, except its private-purpose trust funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Over the course of the year, the District amended its annual operating budget to reflect additional revenue and expenditures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

The District amended the Instructional, Total Support Services, and Non-Instructional function areas of the 2008-2009 budget to reflect expected increases in revenues and corresponding expenses.

<u>Function</u>	<u>Original</u>	<u>Amended</u>	<u>Actual</u>
Instruction	\$18,391,492	\$18,514,719	\$18,199,342
Support Services	\$8,560,890	\$8,472,177	\$8,157,967
Non-instructional	\$1,350,792	\$1,415,225	\$1,558,725
Other	\$3,551,653	\$3,404,159	\$3,642,808

The amendments and over expenditures were funded from existing cash balances and did not result in any use or additional levy of state or local taxes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table shows the District's capital assets, net of accumulated depreciation.

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2008	2009	2008	2009	2008	2009	
Land	240,116	240,116	-	-	240,116	240,116	-
Construction in progress	93,213	134,024	-	-	93,213	134,024	40,811
Buildings	24,262,476	23,821,145	-	-	24,262,476	23,821,145	(441,331)
Improvements	166,839	100,116	-	-	166,839	100,116	(66,723)
Furnishings & Equipment	2,646,448	2,642,036	166,609	172,110	2,813,057	2,814,146	1,089
Total Capital Assets	<u>27,409,092</u>	<u>26,937,437</u>	<u>166,609</u>	<u>172,110</u>	<u>27,575,701</u>	<u>27,109,547</u>	<u>(466,154)</u>

The District's current investment in capital assets of \$27,109,547 represents a decrease of \$466,154.

Long-Term Debt

On June 30, 2009 the District had total long-term debt obligations of \$10,097,271. The following summary schedule shows totals in the different classes of the long-term debt obligations.

	6/30/2009	6/30/2008
General Obligation Bonds	4,750,000	5,045,000
Revenue Bonds	4,845,000	5,940,000
Early Retirement	502,271	1,147,504
	<u>10,097,271</u>	<u>12,132,504</u>

The District currently has three different series of registered debt. The \$11,000,000 of revenue bonds was issued in June of 2003 and are payable from local option sales tax.

Year	Original Amount	Unpaid Principal	Remaining Years
2001	4,000,000	4,000,000	12
2002	2,350,000	750,000	3
2003	11,000,000	4,845,000	4
	<u>17,350,000</u>	<u>9,595,000</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Following are several factors that could have a significant effect on the District's General Fund financial condition.

- District Enrollment: The District's certified resident count increased in fiscal 2008-09 by 13.9 students.

September 2008	2,789.7
September 2007	2,775.8
September 2006	2,741.6
September 2005	2,771.3

The increase, though slight, is significant in that it has a direct bearing on the District's general fund revenues. Continued growth in the eastern part of the District should result in steady or increased enrollment in future years. The District's enrollment multiplied by the state set cost-per-pupil is the primary revenue source for the District's General Fund.

The District had 104 open enrolled-in students and 64 open enrolled-out students in fiscal 2009. Each student generates \$5,601 in tuition revenue or expense. A significant change in the enrollment of these two groups would have a significant impact on revenues and expenses.

- Instructional Support Program: The District started a new five-year Instructional Support Program in 2007-08. The new five-year program commencing July 1, 2007 and ending on June 30, 2012 was authorized and approved by the School Board on December 11, 2006. Approximately \$1.3 million per year in property taxes, income surtax, and state aid revenues will result from the program. Expenditures for the program in 2008-09 were as follows.

Wages/Benefits	\$1,080,112
Private School	165,828
School Buses	0
Computers/Software	120,773
	<u>\$1,366,713</u>

The passage of the District's Revenue Purpose Statement approved by District voters on September 9, 2008 for use of State Sales Tax Funds can allow the District to transfer expenses for the purchase of school buses from the General Fund -Instructional Support Program – to the Sales Tax Fund. The transfer of costs would have a positive effect on the District's Fund Balance and Financial Solvency Ratio.

- Transportation: Transportation expenses continue to be a significant cost of education. Western Dubuque Schools is the largest geographic school district in Iowa. The Iowa school funding formula does not provide for any additional funds for public school transportation costs. The District's reimbursement for transporting non-public students was \$101,263 less than expected in 2008-09. Less than full funding for the cost of the non-public program does have a significant impact on the District's allocation of resources for its educational programs.

- Operation of two high schools: The costs of operating two high school programs in a District the size of Western Dubuque is significant. Approximately 39% of the District's enrollment is in grades 9-12. The state average for the same grade range is 30%. The Iowa funding formula does not provide additional funding for high school students versus elementary students. As a result, the Western Dubuque District already incurs significant costs for operating two high schools. A significant change in its elementary to secondary school enrollment ratio would affect the ability to fund existing high school programs and activities.
- Wages and benefits are by far the most significant expenditure of the District's operation costs. Salary and benefit settlements, with any employee group, exceeding the rate of growth of state funding will have an adverse impact on the District's General Fund Budget.
- Financial Solvency Ratio: A measure of a school district's financial health in its General Fund can be determined from its Financial Solvency Ratio. The ratio is used by lending institutions to determine a district's ability to repay borrowings. Currently the Iowa Schools Cash Anticipation Program sponsored by the Iowa Association of School Boards uses the ratio when evaluating credit ratings of school districts. The ratio is determined as follows:

$$\frac{\text{Unreserved Fund Balance}}{\div \text{Total Receipts} - \text{AEA Support}}$$

Following is the Financial Solvency Ratio for the Western Dubuque District for the past five years.

2000-2001	4.80%
2001-2002	3.50%
2002-2003	3.50%
2003-2004	0.40%
2004-2005	0.10%
2005-2006	1.55%
2006-2007	2.21%
2007-2008	0.07%
2008-2009	5.36%

Grading:

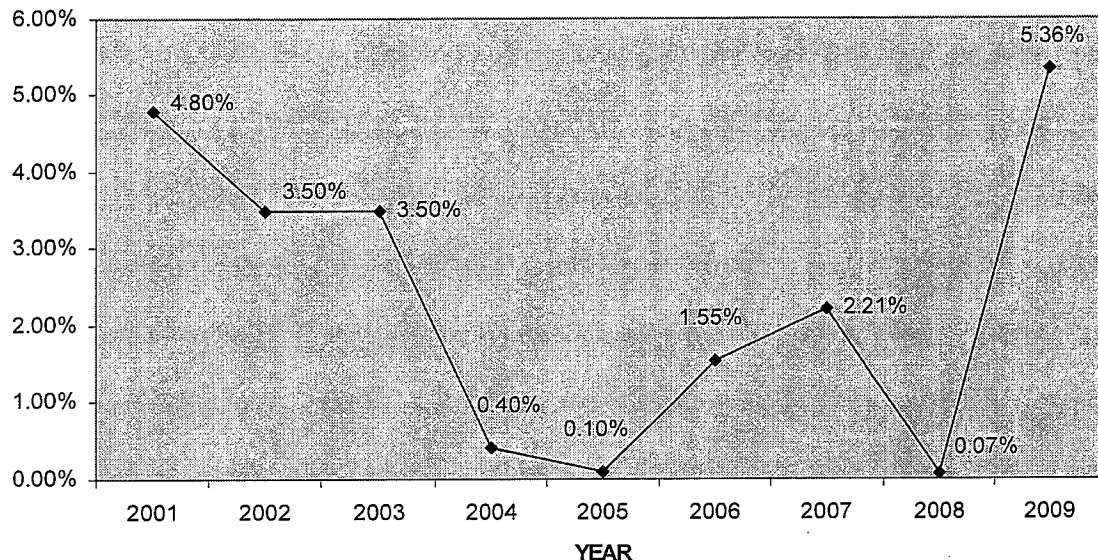
> 5%	Good
0% to 5%	Acceptable
-3% to 0%	Concern
< -3%	Serious Concern

Two major reasons for the increase in the ratio in 2008-09 are:

1. 2008-09 Cash Reserve Levy of \$1,063,218 and
2. Payment of School Buses from the Sales Tax Fund versus the General Fund.

To maintain a targeted solvency ratio of 5%, the District needs to levy approximately \$1.1 million each year. Thereafter, the District needs to levy for on-time enrollment increases and state aid cuts or reduce expenditures to compensate for the cash shortfalls related to the two factors. The Adopted Budget for the 2008-09 fiscal year included a cash reserve levy of \$1,063,218. The levy approved by the School Board has had a significant impact on improving the District's Financial Solvency Ratio.

Western Dubuque Schools Solvency Ratio



- State Aid: The District incurred \$205,113 in state aid shortfalls in the 2008-09 fiscal year due to the 1.5% across-the-board cut in state aid funding. The District's budget authority was not affected by the cut; but, the funding shortfall did have an impact on year-end cash and fund balances in the General Fund. State aid cuts need to be funded via a cash reserve levy if the District wants to maintain reasonable balances in its cash and fund balances. If the District chooses not to fund state aid cuts then appropriate reductions in expenses need to be made to maintain adequate cash and fund balances in the General Fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Wegmann, District Secretary and Business Manager, Western Dubuque County Community School District, 405 3rd Avenue NE, Farley, Iowa 52046.

BASIC FINANCIAL STATEMENTS

EXHIBIT "A"

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities	Business Type Activities	Total
Assets	-----	-----	-----
Cash and cash equivalents:			
ISCAP	\$ 1,519,230	\$ ---	\$ 1,519,230
Other	10,268,161	435,158	10,703,319
Receivables:			
Property tax:			
Delinquent	120,868	---	120,868
Succeeding year	12,103,713	---	12,103,713
Income surtax	913,822	---	913,822
Accounts	34,286	21	34,307
Accrued interest:			
ISCAP	27,662	---	27,662
Due from other governments	1,091,445	144	1,091,589
Due from other funds	75,373	(75,373)	---
Prepaid expenses	31,605	118	31,723
Deferred debt expense	36,841	---	36,841
Inventories	---	79,742	79,742
Capital assets, net of accumulated depreciation	26,937,437	172,110	27,109,547
	-----	-----	-----
Total Assets	\$ 53,160,443	\$ 611,920	\$ 53,772,363
	-----	-----	-----
Liabilities			
Accounts payable	\$ 467,820	\$ 1,846	\$ 469,666
Salaries and benefits payable	1,985,401	11,432	1,996,833
Accrued interest payable	32,215	---	32,215
Deferred revenue:			
Succeeding year property tax	12,103,713	---	12,103,713
Other	138,172	---	138,172
ISCAP warrants payable	1,500,000	---	1,500,000
ISCAP accrued interest payable	19,726	---	19,726
ISCAP unamortized premium	16,365	---	16,365
Long-term liabilities:			
Portion due within one year:			
General obligation bonds	305,000	---	305,000
Revenue bonds	1,140,000	---	1,140,000
Early retirement	338,111	---	338,111
Portion due after one year:			
General obligation bonds	4,445,000	---	4,445,000
Revenue bonds	3,705,000	---	3,705,000
Early retirement	164,160	---	164,160
Other post employment benefits	703,069	50,969	754,038
Unamortized bond discount	(77,833)	---	(77,833)
	-----	-----	-----
Total Liabilities	\$ 26,985,919	\$ 64,247	\$ 27,050,166
	-----	-----	-----

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
Net Assets			
Invested in capital assets, net of related debt	\$ 18,442,437	\$ 172,110	\$ 18,614,547
Restricted for:			
Categorical funding	122,014	---	122,014
Management levy	1,385,708	---	1,385,708
Physical plant and equipment levy	444,706	---	444,706
Other special revenue purposes	574,790	---	574,790
School infrastructure	3,882,968	---	3,882,968
Debt service	1,393,259	---	1,393,259
Unrestricted	(71,358)	375,563	304,205
	-----	-----	-----
Total Net Assets	<u><u>\$ 26,174,524</u></u>	<u><u>\$ 547,673</u></u>	<u><u>\$ 26,722,197</u></u>

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,452,218	\$ 705,675	\$ 1,988,342	\$ ---	\$ (7,758,201)	\$ ---	\$ (7,758,201)
Special	3,838,064	252,102	1,019,325	---	(2,566,637)	---	(2,566,637)
Other	3,855,128	983,085	37,500	---	(2,834,543)	---	(2,834,543)
Total Instruction	\$ 18,145,410	\$ 1,940,862	\$ 3,045,167	\$ ---	\$ (13,159,381)	\$ ---	\$ (13,159,381)
Support Services:							
Student	\$ 973,795	\$ 7,572	\$ ---	\$ ---	\$ (966,223)	\$ ---	\$ (966,223)
Instructional staff	327,448	---	18,038	---	(309,410)	---	(309,410)
Administration	2,826,064	---	---	---	(2,826,064)	---	(2,826,064)
Operation and maintenance of plant	1,843,315	42,922	29,348	---	(1,771,045)	---	(1,771,045)
Transportation	2,251,722	98,562	657,625	---	(1,495,535)	---	(1,495,535)
Total Support Services	\$ 8,222,344	\$ 149,056	\$ 705,011	\$ ---	\$ (7,368,277)	\$ ---	\$ (7,368,277)
Non-instructional Programs	\$ 38,712	\$ ---	\$ ---	\$ ---	\$ (38,712)	\$ ---	\$ (38,712)

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs (Continued)							
Governmental Activities: (Continued)							
Other Expenditures:							
Facilities acquisition	\$ 344,768	\$ ---	\$ ---	\$ ---	\$ (344,768)	\$ ---	\$ (344,768)
Long-term debt interest	465,797	---	---	---	(465,797)	---	(465,797)
AEA flowthrough	1,168,250	---	1,168,250	---	---	---	---
Depreciation (unallocated)*	786,835	---	---	---	(786,835)	---	(786,835)
Total Other Expenditures	\$ 2,765,650	\$ ---	\$ 1,168,250	\$ ---	\$ (1,597,400)	\$ ---	\$ (1,597,400)
Total Governmental Activities	\$ 29,172,116	\$ 2,089,918	\$ 4,918,428	\$ ---	\$ (22,163,770)	\$ ---	\$ (22,163,770)
Business Type Activities:							
Instruction:							
Regular	\$ 148,846	\$ 148,846	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Non-instructional programs:							
Food service operations	1,514,048	989,388	536,874	---	---	12,214	12,214
Total Business Type Activities	\$ 1,662,894	\$ 1,138,234	\$ 536,874	\$ ---	\$ ---	\$ 12,214	\$ 12,214
Total	\$ 30,835,010	\$ 3,228,152	\$ 5,455,302	\$ ---	\$ (22,163,770)	\$ 12,214	\$ (22,151,556)

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities
Expenses					Total
General Revenues:					
Property tax levied for:				\$ 10,403,806	\$ 10,403,806
General purposes				524,536	524,536
Debt service				308,452	308,452
Capital outlay				1,334,134	1,334,134
Instructional support surtax				2,503,911	2,503,911
Local option sales and service tax				9,681,270	9,681,270
Unrestricted state grants				347,450	355,483
Unrestricted investment earnings				173,923	173,923
Other				(4,926)	---
Transfers					---
Total General Revenues				\$ 25,272,556	\$ 25,285,515
Change in Net Assets				\$ 3,108,786	\$ 3,133,959
Net Assets Beginning of Year				23,065,738	23,588,238
Net Assets End of Year				\$ 26,174,524	\$ 26,722,197

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Capital Projects	Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP	\$ 1,519,230	\$ ---	\$ ---	\$ 1,519,230
Other	2,760,762	5,048,267	2,459,132	10,268,161
Receivables:				
Property tax:				
Delinquent	101,049	---	19,819	120,868
Succeeding year	10,383,127	---	1,720,586	12,103,713
Income surtax	913,822	---	---	913,822
Accounts	18,559	---	15,727	34,286
Accrued interest:				
ISCAP	27,662	---	---	27,662
Due from other funds	75,373	---	---	75,373
Due from other governments	876,622	214,823	---	1,091,445
Prepaid expenses	39,797	---	114,376	154,173
Total Assets	\$16,716,003	\$ 5,263,090	\$ 4,329,640	\$ 26,308,733
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 277,107	\$ 169,451	\$ 21,262	\$ 467,820
Salaries and benefits payable	1,985,401	---	---	1,985,401
ISCAP warrants payable	1,500,000	---	---	1,500,000
ISCAP unamortized premium	16,365	---	---	16,365
ISCAP accrued interest payable	19,726	---	---	19,726
Deferred revenue:				
Succeeding year property tax	10,383,127	---	1,720,586	12,103,713
Income surtax	913,822	---	---	913,822
Other	138,172	---	---	138,172
Total Liabilities	\$15,233,720	\$ 169,451	\$ 1,741,848	\$ 17,145,019
Fund Balances:				
Reserved for:				
Categorical funding	\$ 122,014	\$ ---	\$ ---	\$ 122,014
Debt service	---	1,210,671	---	1,210,671
Unreserved	1,360,269	3,882,968	2,587,792	7,831,029
Total Fund Balances	\$ 1,482,283	\$ 5,093,639	\$ 2,587,792	\$ 9,163,714
Total Liabilities and Fund Balances	\$16,716,003	\$ 5,263,090	\$ 4,329,640	\$ 26,308,733

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total Fund Balances of Governmental Funds	\$ 9,163,714
--	--------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	26,937,437
--	------------

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	913,822
---	---------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(32,215)
--	----------

Long-term liabilities, including bonds and note payable and other post-employment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Other related amounts include deferred debt expense and unamortized bond discount.	(10,808,234)
--	--------------

Net Assets of Governmental Activities	\$ 26,174,524 <hr style="border: none; border-top: 1px solid black; margin-top: 5px;"/>
--	---

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Revenues				
Local sources:				
Local tax	\$10,608,767	\$ 2,503,911	\$ 1,926,217	\$ 15,038,895
Tuition	804,929	---	---	804,929
Other	578,128	122,829	1,089,634	1,790,591
Intermediate sources	9,988	---	---	9,988
State sources	13,408,790	---	1,161	13,409,951
Federal sources	1,147,566	---	29,348	1,176,914
	-----	-----	-----	-----
Total Revenues	\$26,558,168	\$ 2,626,740	\$ 3,046,360	\$ 32,231,268
	-----	-----	-----	-----
Expenditures				
Current:				
Instruction:				
Regular	\$10,243,893	\$ ---	\$ 326,262	\$ 10,570,155
Special	3,646,230	---	40,588	3,686,818
Other	2,824,814	---	968,709	3,793,523
	-----	-----	-----	-----
Total Instruction	\$16,714,937	\$ ---	\$ 1,335,559	\$ 18,050,496
	-----	-----	-----	-----
Support Services:				
Student	\$ 961,875	\$ ---	\$ 18,071	\$ 979,946
Instructional staff	362,118	---	704	362,822
Administration	2,720,558	---	47,622	2,768,180
Operation and maintenance of plant	1,630,475	---	211,723	1,842,198
Transportation	1,692,183	365,799	146,839	2,204,821
	-----	-----	-----	-----
Total Support Services	\$ 7,367,209	\$ 365,799	\$ 424,959	\$ 8,157,967
	-----	-----	-----	-----
Non-instructional Programs	\$ ---	\$ ---	\$ 44,677	\$ 44,677
	-----	-----	-----	-----

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	General	Capital Projects	Nonmajor	Total
	-----	-----	-----	-----
Expenditures (Continued)				
Other Expenditures:				
Facilities acquisition	\$ ---	\$ 471,967	\$ 157,782	\$ 629,749
Long-term debt:				
Principal	---	---	1,390,000	1,390,000
Interest and fiscal charges	---	---	454,809	454,809
AEA flowthrough	1,168,250	---	---	1,168,250
	-----	-----	-----	-----
Total Other Expenditures	\$ 1,168,250	\$ 471,967	\$ 2,002,591	\$ 3,642,808
	-----	-----	-----	-----
Total Expenditures	\$25,250,396	\$ 837,766	\$ 3,807,786	\$ 29,895,948
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,307,772	\$ 1,788,974	\$ (761,426)	\$ 2,335,320
	-----	-----	-----	-----
Other Financing Sources (Uses)				
Compensation for loss of fixed assets	\$ 5,990	\$ ---	\$ 15,619	\$ 21,609
Sale of equipment and materials	1,559	---	---	1,559
Operating transfers in	144	---	1,318,095	1,318,239
Operating transfers out	(5,070)	(1,318,095)	---	(1,323,165)
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 2,623	\$(1,318,095)	\$ 1,333,714	\$ 18,242
	-----	-----	-----	-----
Net Change in Fund Balances	\$ 1,310,395	\$ 470,879	\$ 572,288	\$ 2,353,562
	-----	-----	-----	-----
Fund Balances Beginning of Year	171,888	4,622,760	2,015,504	6,810,152
	-----	-----	-----	-----
Fund Balances End of Year	\$ 1,482,283	\$ 5,093,639	\$ 2,587,792	\$ 9,163,714
	=====	=====	=====	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds **\$ 2,353,562**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$(1,488,698) exceeded capital outlays of \$1,021,595 in the current period. (467,103)

In the statement of activities, loss on the sale or disposition of assets is reported, whereas in the governmental funds, the proceeds from the sale or disposition increase financial resources. This is the amount by which the cost of the assets disposed of \$(325,526) exceeded the related accumulated depreciation of \$320,974. (4,552)

Because income surtaxes and other deferred revenues will not be collected for several months after the district's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 35,944

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of \$1,390,000 exceeded amortization of bond discount of \$(14,699) and amortization of issuance costs of \$(7,673). 1,367,628

Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. 3,711

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the net decrease in early retirement payable of \$493,269 and the net increase in other postemployment benefits of \$(673,673). (180,404)

Change in Net Assets of Governmental Activities **\$ 3,108,786**

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009**

		Other Nonmajor Enterprise Fund	
	School Nutrition	Regular Education Preschool	Total
Assets			
Cash and cash equivalents	\$ 435,158	\$ ---	\$ 435,158
Receivables:			
Accounts	21	---	21
Due from other governments	144	---	144
Prepaid expenses	118	---	118
Inventories	79,742	---	79,742
Capital assets, net of accumulated depreciation	172,110	---	172,110
Total Assets	\$ 687,293	\$ ---	\$ 687,293
Liabilities			
Accounts payable	\$ 1,846	\$ ---	\$ 1,846
Salaries and benefits payable	11,432	---	11,432
Due to other funds	75,373	---	75,373
Other postemployment benefits	50,969	---	50,969
Total Liabilities	\$ 139,620	\$ ---	\$ 139,620
Net Assets			
Invested in capital assets, net of related debt	\$ 172,110	\$ ---	\$ 172,110
Unrestricted	375,563	---	375,563
Total Net Assets	\$ 547,673	\$ ---	\$ 547,673

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	School Nutrition	Other Nonmajor Enterprise Fund Regular Education Preschool	Total
Operating Revenues			
Local sources:			
Charges for services	\$ 989,388	\$ 148,846	\$ 1,138,234
Operating Expenses			
Instruction:			
Regular:			
Salaries and benefits	\$ ---	\$ 110,215	\$ 110,215
Benefits	---	38,376	38,376
Purchased services	---	255	255
Total Instruction	\$ ---	\$ 148,846	\$ 148,846
Non-instructional programs:			
Food service operations:			
Salaries and benefits	\$ 582,148	\$ ---	\$ 582,148
Benefits	185,829	---	185,829
Purchased services	10,299	---	10,299
Supplies	710,960	---	710,960
Depreciation	24,812	---	24,812
Total Non-instructional Programs	\$ 1,514,048	\$ ---	\$ 1,514,048
Total Operating Expenses	\$ 1,514,048	\$ 148,846	\$ 1,662,894
Operating Loss	\$ (524,660)	\$ ---	\$ (524,660)
Non-Operating Revenues			
State sources	\$ 16,188	\$ ---	\$ 16,188
Federal sources	520,686	---	520,686
Interest income	8,033	---	8,033
Total Non-Operating Revenues	\$ 544,907	\$ ---	\$ 544,907
Income Before Transfers	\$ 20,247	\$ ---	\$ 20,247

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	School Nutrition	Other Nonmajor Enterprise Fund Regular Education Preschool	Total
	-----	-----	-----
Other Financing Sources (Uses):			
Transfers in	\$ 5,070	\$ ---	\$ 5,070
Transfers out	(144)	---	(144)
	-----	-----	-----
Total Other Financing Sources (Uses)	\$ 4,926	\$ ---	\$ 4,926
	-----	-----	-----
Change in Net Assets	\$ 25,173	\$ ---	\$ 25,173
	-----	-----	-----
Net Assets Beginning of Year	522,500	---	522,500
	-----	-----	-----
Net Assets End of Year	\$ 547,673	\$ ---	\$ 547,673
	=====	=====	=====

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	School Nutrition	Other Nonmajor Enterprise Fund ----- Regular Education Preschool	Total -----
Cash Flows From Operating Activities			
Cash received from sale of lunches and breakfasts	\$ 989,367	\$ ---	\$ 989,367
Cash received for tuition	---	148,846	148,846
Cash payments to employees for services	(777,063)	(148,591)	(925,654)
Cash payments to suppliers for goods or services	(690,708)	(255)	(690,963)
	-----	-----	-----
Net Cash Used by Operating Activities	\$ (478,404)	\$ ---	\$ (478,404)
	-----	-----	-----
Cash Flows From Non-Capital Financing Activities			
State grants received	\$ 16,188	\$ ---	\$ 16,188
Federal grants received	435,529	---	435,529
Transfers from other funds	5,070	---	5,070
	-----	-----	-----
Net Cash Provided by Non-Capital Financing Activities	\$ 456,787	\$ ---	\$ 456,787
	-----	-----	-----
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	\$ (30,313)	\$ ---	\$ (30,313)
	-----	-----	-----
Cash Flows From Investing Activities			
Interest on investments	\$ 8,806	\$ ---	\$ 8,806
	-----	-----	-----
Net Decrease in Cash and Cash Equivalents	\$ (43,124)	\$ ---	\$ (43,124)
	-----	-----	-----
Cash and Cash Equivalents at Beginning of Year	478,282	---	478,282
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 435,158	\$ ---	\$ 435,158
	=====	=====	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

		Other Nonmajor Enterprise Fund	
	School Nutrition	Regular Education Preschool	Total
	-----	-----	-----
Reconciliation of Operating Loss to Net Cash Used by Operating Activities			
Operating loss	\$ (524,660)	\$ ---	\$ (524,660)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Commodities used	87,825	---	87,825
Depreciation	24,812	---	24,812
(Increase) in inventories	(28,398)	---	(28,398)
(Increase) in accounts receivable	(21)	---	(21)
(Increase) in prepaid expenses	(15)	---	(15)
(Decrease) in accounts payable	(28,861)	---	(28,861)
(Decrease) in salaries and benefits payable	(2,338)	---	(2,338)
(Decrease) in due to other funds	(57,717)	---	(57,717)
Increase in other postemployment benefits	50,969	---	50,969
	-----	-----	-----
Net Cash Used in Operating Activities	\$ (478,404)	\$ ---	\$ (478,404)
	=====	=====	=====

Non-Cash Investing, Capital and Financing Activities

During the year ended June 30, 2009, the District received \$87,825 of federal commodities.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust
	----- Scholarship -----
Assets	
Cash and pooled investments	\$ 18,429

Liabilities	
None	\$ ---

Net Assets	
Reserved for scholarships	\$ 18,429
	=====

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust
	----- Scholarship -----
Additions	
Local Sources:	
Gifts and contributions	\$ 1,600
Interest	341

Total Additions	\$ 1,941

Deductions	
Support Services:	
Scholarships awarded	\$ 1,100

Change in Net Assets	\$ 841

Net Assets Beginning of Year	17,588

Net Assets End of Year	\$ 18,429
	=====

See notes to financial statements.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies:

The Western Dubuque County Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the predominately agricultural territory in Northeast Iowa including portions of the following counties; Dubuque, Delaware, Jackson, Clayton and Jones. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Western Dubuque County Community School District has two component units which meet the Governmental Accounting Standards Board criteria, the Bobcat Foundation and the C.A.R.E. Foundation. These component units have not been included in the District's financial statements.

Jointly Governed Organizations - The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of Dubuque County Assessor's Conference Board and the Dubuque County Empowerment Board.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

B. Basis of Presentation (Continued)

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for resources used in the acquisition and construction of capital facilities as well as accounting for resources used for repayment of revenue bonds issued to finance the acquisition of capital facilities.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statements of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental fund types is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
-----	-----
Land	All
Buildings	\$ 3,000
Improvements other than buildings	3,000
Furniture and Equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
-----	-----
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-Term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums - In the government-wide and proprietary financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 1 - Summary of Significant Accounting Policies: (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements in the non-instructional programs and other expenditures functional areas exceeded the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.

F. Estimates

The preparation of financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Pooled Investments:

The District's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost

Diversified Portfolio	\$ 8,116
	=====

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 3 - Due From and Due To Other Funds:

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise: Nutrition	\$ 75,373 =====

The Nutrition Fund is repaying the General Fund for nutrition program wages paid from the General Fund. This balance will be repaid within fiscal year 2010.

Note 4 - Interfund Transfers:

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Nutrition	\$ 144
Debt Service	Capital Projects Fund	1,318,095
Nutrition	General	5,070

		\$1,323,309 =====

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the General Fund were to provide resources for the Nutrition Fund's contribution to the other post employment benefits obligation.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 5 - Iowa School Cash Anticipation Program (ISCAP):

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	6/28/08	6/25/09	\$ ---	\$ 14,093	\$ ---	\$ ---
2008-09B	1/21/09	1/21/10	1,519,230	13,569	1,500,000	19,726
			<u>\$ 1,519,230</u>	<u>\$ 27,662</u>	<u>\$ 1,500,000</u>	<u>\$ 19,726</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ ---	\$ 3,005,000	\$ 3,005,000	\$ ---
2008-09B	---	900,000	900,000	---
	<u>\$ ---</u>	<u>\$ 3,905,000</u>	<u>\$ 3,905,000</u>	<u>\$ ---</u>

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 5 - Iowa School Cash Anticipation Program (ISCAP): (Continued)

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%

Note 6 - Capital Assets:

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 240,116	\$ ---	\$ ---	\$ 240,116
Construction in progress	93,213	134,024	93,213	134,024
Total capital assets, not being depreciated	\$ 333,329	\$ 134,024	\$ 93,213	\$ 374,140
Capital assets, being depreciated:				
Buildings	\$ 32,805,135	\$ 257,640	\$ 12,816	\$ 33,049,959
Improvements other than buildings	1,659,568	---	---	1,659,568
Furniture and equipment	9,847,337	723,144	312,710	10,257,771
Total capital assets, being depreciated	\$ 44,312,040	\$ 980,784	\$ 325,526	\$ 44,967,298
Less accumulated depreciation for:				
Buildings	\$ 8,542,659	\$ 686,155	\$ ---	\$ 9,228,814
Improvements other than buildings	1,492,729	66,723	---	1,559,452
Furniture and equipment	7,200,889	735,820	320,974	7,615,735
Total accumulated depreciation	\$ 17,236,277	\$ 1,488,698	\$ 320,974	\$ 18,404,001
Total capital assets, being depreciated, net	\$ 27,075,763	\$ (507,914)	\$ 4,552	\$ 26,563,297
Total governmental activities capital assets, net	\$ 27,409,092	\$ (373,890)	\$ 97,765	\$ 26,937,437

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 6- Capital Assets: (Continued)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	-----	-----	-----	-----
Business type activities:				
Furniture and equipment	\$ 294,775	\$ 30,313	\$ ---	\$ 325,088
Less accumulated depreciation	128,166	24,812	---	152,978
	-----	-----	-----	-----
Business type activities capital assets, net	\$ 166,609	\$ 5,501	\$ ---	\$ 172,110
	=====	=====	=====	=====

Depreciation expense was charged by the District as follows:

Governmental activities:

 Instruction:

Regular	\$ 244,119
Special	4,371
Other	35,713

 Support Services:

Student	2,000
Instructional staff	962
Administration	10,447
Operation and maintenance of plant	15,414
Transportation	372,625

Non-instructional	16,212
-------------------	--------

Unallocated	786,835
-------------	---------

Total governmental activities depreciation expense	\$ 1,488,698
--	--------------

Business type activities:

Food service operations	\$ 24,812
-------------------------	-----------

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 7 - Long-Term Liabilities:

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	-----	-----	-----	-----	-----
Governmental Activities:					
General obligation bonds	\$ 5,045,000	\$ ---	\$ 295,000	\$ 4,750,000	\$ 305,000
Revenue bonds	5,940,000	---	1,095,000	4,845,000	1,140,000
Early retirement	995,540	---	493,269	502,271	338,111
Health reimbursement arrangement	151,964	---	151,964	---	---
Other postemployment benefits	---	703,069	---	703,069	115,918
	-----	-----	-----	-----	-----
Total	\$ 12,132,504	\$ 703,069	\$ 2,035,233	\$ 10,800,340	\$ 1,899,029
	=====	=====	=====	=====	=====
Business Type Activities:					
Other postemployment benefits	\$ ---	\$ 50,969	\$ ---	\$ 50,969	\$ 5,070
	=====	=====	=====	=====	=====

General Obligation Bonds

Details of the District's June 30, 2009, general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue September 1, 2001			Bond Issue February 1, 2002			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
	-----	-----	-----	-----	-----	-----	-----	-----	-----
2010	4.500	---	187,499	4.000	305,000	31,015	305,000	218,514	523,514
2011	4.500	---	187,499	4.200	320,000	18,815	320,000	206,314	526,314
2012	4.500	210,000	187,499	4.300	125,000	5,375	335,000	192,874	527,874
2013	4.625	350,000	178,049	---	---	---	350,000	178,049	528,049
2014	4.625	365,000	161,861	---	---	---	365,000	161,861	526,861
2015-2019	4.750	2,090,000	539,127	---	---	---	2,090,000	539,127	2,629,127
2020-2021	4.750	985,000	70,776	---	---	---	985,000	70,776	1,055,776
	-----	-----	-----	-----	-----	-----	-----	-----	-----
		4,000,000	1,512,310		750,000	55,205	4,750,000	1,567,515	6,317,515
		=====	=====		=====	=====	=====	=====	=====

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 7 - Long-Term Liabilities: (Continued)

Series 2001 bonds due June 1, 2012-2021, inclusive, are callable on any date on or after June 1, 2011, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any maturities as determined by the District and within any maturity by lot.

Series 2002 bonds due June 1, 2009 - 2012, inclusive, are callable in whole or in part on any date after June 1, 2008 at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in any order of maturity as determined by the District within any maturity by lot.

Revenue Bonds

Details of the District's June 30, 2009, local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Rates	Bond Issue June 30, 2003		
		Principal Amount	Interest	Total
2010	3.600%	1,140,000	188,055	1,328,055
2011	3.900%	1,185,000	147,015	1,332,015
2012	4.000%	1,235,000	100,800	1,335,800
2013	4.000%	1,285,000	51,400	1,336,400
		4,845,000	487,270	5,332,270

The District has pledged future local option sales and services tax revenues to repay the \$11,000,000 bonds issued in June 2003. The bonds were issued for the purpose of financing the costs of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District and are payable through 2013. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require approximately 53 percent of the local option sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$5,332,270. For the current year, principal and interest paid and total local option sales and services tax revenues were \$1,318,095 and \$2,503,911, respectively.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 7 - Long-Term Liabilities: (Continued)

The resolution providing for the issuance of the local option sales and services tax revenue bonds include the following provisions:

- a) Interest on the Bonds is payable on June 1 and December 1 in each year, beginning December 1, 2003, to the registered owners thereof. The Bonds will mature serially on June 1. Bonds maturing on or after June 1, 2010, may be called for redemption by the Issuer and paid before maturity on said date or any date thereafter, from any funds regardless of source, in whole or from time to time in part, in any order of maturity and within an annual maturity by lot, at par plus accrued interest to date of call.
- b) The Bond Resolution establishes a Project Fund (the "Project Fund") into which the net Bond proceeds shall be deposited. Moneys in the Project Fund shall be used for the purpose of aiding in the financing of the Project, and shall also be available for the payment of the principal of or interest on the Bonds at any time that other funds of the Project shall be insufficient for that purpose. Any Project Fund moneys used to pay debt service on the Bonds shall be repaid to the Project Fund at the earliest opportunity.
- c) The Bond Resolution also establishes the Local Option Sales and Services Tax Revenue Fund (the "Revenue Fund"), into which shall be deposited all local option sales taxes when received from the State. Moneys in the Revenue Fund shall be disbursed to the following funds and accounts in the following order of priority.
- d) Interest and principal on the Bonds (and any Parity Obligations, as defined below) will be paid from the Sinking Fund (the "Sinking Fund"). The amount to be deposited in the Sinking Fund shall be equal to the amount of principal and interest coming due on the Bonds, and any other obligations payable from the Local Option Tax revenues on a parity with the Bonds ("Parity Obligations") during the fiscal year and shall be used solely for the purpose of paying debt service on the Bonds and any Parity Obligations.
- e) The Bonds are secured by the Reserve Fund established under the Bond Resolution which Reserve Fund will be funded from proceeds of the Bonds. So long as any Bonds are outstanding, the Issuer is required to maintain an amount on deposit in the Reserve Fund equal to the lesser of (a) the sum of 10% of the proceeds of the Bonds; (b) 125% of the average annual debt service on such Bonds and (c) the maximum annual debt service on such Bonds (the "Reserve Fund Requirement").

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 7 - Long-Term Liabilities: (Continued)

The District did comply with all of the provisions during the year ended June 30, 2009. The Sinking Fund and Reserve Fund requirements are accounted for in the Capital Projects Fund.

Early Retirement

The District previously offered the following early retirement plans to its employees.

Principals/Supervisors – Eligible employees must be at least age fifty-five and must have completed fifteen years of service to the District of which the last ten years must be as an administrator or supervisor. The early retirement incentive for each eligible employee is equal to 35% of unused accumulated sick days as of June 30 of their last contract year. Cash incentive benefits are deposited with a third-party administrator on behalf of the employee. Employees are provided four years of medical insurance payments at the same employer contribution level as when they retired.

Teachers/Nurses – Eligible employees must be at least age fifty-five and must have completed fifteen years of service to the District. The early retirement incentive for each eligible employee is equal to 35% of unused accumulated sick days and personal leave days as of June 30 of their last contract year. Employees have the option of receiving cash incentive benefits in a lump sum or delaying payment into the following calendar year. Employees are provided five years of medical insurance payments at the employer contribution level for family coverage at the time of retirement.

Hourly Employees – Eligible employees must be at least age fifty-five and must have completed fifteen years of service to the District. The early retirement incentive for each eligible employee is equal to 35% of unused accumulated sick days as of June 30 of their last contract year. Employees have the option of receiving cash incentive benefits in a lump sum or delaying payment into the following calendar year. Employees are provided three years of medical insurance payments at the same employer contribution level as when they retired.

Early retirement benefits paid during the year ended June 30, 2009, totaled \$493,269. Fiscal year 2006 was the final year of the program for Principals/Supervisors and Teachers/Nurses. Fiscal year 2007 was the final year of the program for Hourly Employees.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 8 - Lease Agreement:

On October 20, 2001, the District entered an agreement to lease a building for five years. The District is to receive rent of \$36,000 per year for the first two years with the rent for the remaining three years to be negotiated. On February 12, 2003, the lease was renegotiated and the District is to receive \$37,440 for the remainder of the lease. At the end of five years, the lessee has the option to renew the lease for an additional five years. On February 15, 2006, the lessee renewed the lease for five years. The District is to receive rent of \$37,440 per year.

Note 9 - 28E Agreements:

On July 20, 2005, the District entered into a 28E Agreement with the City of Farley, Iowa. The agreement is for the purpose of constructing a high school regulation softball field. Along with the 28E Agreement, the District has entered into a lease agreement with the City of Farley for the use of the softball field. The term of the lease is 40 years with annual rent of \$1.

On February 8, 2008, the District entered into a 28E Agreement with Northeast Iowa Community College. The agreement is for the purpose of jointly administering an Alternative High School for the period August 16, 2008 to August 16, 2009.

Note 10 - Pension and Retirement Benefits:

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$1,011,888, \$928,383, and \$825,574 respectively, equal to the required contributions for each year.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 11 - Other Postemployment Benefits (OPEB):

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 440 active and 63 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Medical Associates. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

The District also contributes to an employer-provided health reimbursement arrangement for contracted employees when they retire. To qualify, the retiring employee must be at least age 55 and have 15 or more years of service with the District. For contracted employees eligible for health insurance, the District will contribute an amount equal to its annual contribution to the cost of family medical insurance at the time of retirement for the employee's work classification for a period of five years. For employees not eligible for medical insurance, the District will contribute a one-time amount equal to 25% of the employee's regular wages earned during the last year of employment with the District.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. Retirees pay the full cost of premiums for the medical/prescription drug benefit. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 11 - Other Postemployment Benefits (OPEB): (Continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 917,000
Interest on net OPEB obligation	---
Adjustment to annual required contribution	---

Annual OPEB cost	\$ 917,000
Contributions made	(162,962)

Increase in net OPEB obligation	\$ 754,038
Net OPEB obligation beginning of year	---

Net OPEB obligation end of year	\$ 754,038
	=====

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$0 to the medical plan premiums and \$162,962 to the health reimbursement arrangement. Plan members eligible for benefits contributed \$182,738, or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
-----	-----	-----	-----
June 30, 2009	\$ 917,000	17.77%	\$ 754,038

Funded Status and Funding Process - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$9.009 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.009 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,335,000, and the ratio of the UAAL to covered payroll was 58.7%. As of June 30, 2009, there were no trust fund assets.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 11 - Other Postemployment Benefits (OPEB): (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2006 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2006.

Projected premium costs of the medical plan are \$572 per month for retirees ages 55 to 59, \$707 per month for retirees ages 60-63, and \$857 per month for retirees ages 64 to 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 12 - Risk Management:

Western Dubuque County Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 - Area Education Agency:

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,168,250 for the year ended June 30, 2009, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 14- Construction in Progress:

In April 2009, the District entered into a contract totaling \$369,304 for an addition to an elementary school. At June 30, 2009, \$134,024 of the contract was completed. The remaining amount will be paid as work on the project progresses.

Note 15 - Contingencies:

Health Reimbursement Arrangement - As of June 30, 2009, several District employees met the eligibility criteria for the health reimbursement arrangement but did not retire. Therefore, no liability was recorded for those individuals. The District's unrecorded contingent liability for the health reimbursement arrangement is approximately \$2,839,000 as of June 30, 2009.

Compensated Absences - District employees accumulate sick leave hours for subsequent use. Since the accumulated hours do not vest, they do not become liabilities until used. The District's unrecorded contingent liability for sick leave as of June 30, 2009, is approximately \$5,541,000. The District does not have a liability for employee vacations as they do not vest and any unused vacation lapses at year-end.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

Note 16 - Subsequent Events:

The District entered into commitments subsequent to June 30, 2009 for various construction contracts as follows: demolition work at Drexler Middle School in the amount of \$59,428, Drexler Middle School project in the amount of \$7,912,000, remodel of administration offices in the amount of \$362,100, and construction of a bus maintenance facility in the amount of \$2,195,500.

The District entered into agreements to purchase several parcels of land totaling \$984,000.

The District issued \$8,500,000 of Taxable, School Infrastructure Sales, Services and Use Tax Revenue Bonds (Qualified School Construction Bonds).

Subsequent events have been evaluated by management through January 29, 2010, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues						
Local sources	\$ 17,634,415	\$ 1,146,267	\$ 18,780,682	\$ 18,851,531	\$ 18,851,531	\$ (70,849)
Intermediate sources	9,988	---	9,988	1,358	1,358	8,630
State sources	13,409,951	16,188	13,426,139	13,603,750	13,603,750	(177,611)
Federal sources	1,176,914	520,686	1,697,600	1,218,889	1,218,889	478,711
Total Revenues	\$ 32,231,268	\$ 1,683,141	\$ 33,914,409	\$ 33,675,528	\$ 33,675,528	\$ 238,881
Expenditures/Expenses						
Instruction	\$ 18,050,496	\$ 148,846	\$ 18,199,342	\$ 18,391,492	\$ 18,514,719	\$ 315,377
Support services	8,157,967	---	8,157,967	8,560,890	8,472,177	314,210
Non-instructional programs	44,677	1,514,048	1,558,725	1,350,792	1,415,225	(143,500)
Other expenditures	3,642,808	---	3,642,808	3,551,653	3,404,159	(238,649)
Total Expenditures/Expenses	\$ 29,895,948	\$ 1,662,894	\$ 31,558,842	\$ 31,854,827	\$ 31,806,280	\$ 247,438
Excess (Deficiency) of Revenues Over (Under) Expenditures/Expenses	\$ 2,335,320	\$ 20,247	\$ 2,355,567	\$ 1,820,701	\$ 1,869,248	\$ 486,319
Other Financing Sources, Net	18,242	4,926	23,168	5,720	5,720	17,448
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	\$ 2,353,562	\$ 25,173	\$ 2,378,735	\$ 1,826,421	\$ 1,874,968	\$ 503,767
Balances Beginning of Year	6,810,152	522,500	7,332,652	6,743,161	6,743,161	589,491
Balances End of Year	\$ 9,163,714	\$ 547,673	\$ 9,711,387	\$ 8,569,582	\$ 8,618,129	\$ 1,093,258

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2009**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment decreasing budgeted expenditures by \$48,547.

During the year ended June 30, 2009, expenditures in the non-instructional programs and other expenditures functions exceeded the amounts budgeted. The District did not exceed its General Fund unspent authorized budget.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(IN THOUSANDS)**

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
-----	-----	-----	-----	-----	-----	-----
July 1, 2008	\$ ---	\$ 9,009	\$ 9,009	0.0%	\$ 15,335	58.7%

See Note 11 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total Nonmajor Governmental Funds
Assets					
Cash and pooled investments	\$ 1,244,276	\$ 595,944	\$ 441,602	\$ 177,310	\$ 2,459,132
Receivables:					
Property tax:					
Delinquent	11,437	---	3,104	5,278	19,819
Succeeding year	870,000	---	327,072	523,514	1,720,586
Accounts	15,619	108	---	---	15,727
Prepaid expenses	114,376	---	---	---	114,376
Total Assets	\$ 2,255,708	\$ 596,052	\$ 771,778	\$ 706,102	\$ 4,329,640
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ ---	\$ 21,262	\$ ---	\$ ---	\$ 21,262
Deferred revenue:					
Succeeding year property tax	870,000	---	327,072	523,514	1,720,586
Total Liabilities	\$ 870,000	\$ 21,262	\$ 327,072	\$ 523,514	\$ 1,741,848
Unreserved Fund Balances	\$ 1,385,708	\$ 574,790	\$ 444,706	\$ 182,588	\$ 2,587,792
Total Liabilities and Fund Balances	\$ 2,255,708	\$ 596,052	\$ 771,778	\$ 706,102	\$ 4,329,640

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total Nonmajor Governmental Funds
Revenues					
Local Sources:					
Local tax	\$ 1,093,229	\$ ---	\$ 308,452	\$ 524,536	\$ 1,926,217
Other	64,821	1,009,347	8,151	7,315	1,089,634
State sources	675	---	180	306	1,161
Federal sources	---	---	29,348	---	29,348
Total Revenues	\$ 1,158,725	\$ 1,009,347	\$ 346,131	\$ 532,157	\$ 3,046,360
Expenditures					
Current:					
Instruction:					
Regular	\$ 326,262	\$ ---	\$ ---	\$ ---	\$ 326,262
Special	40,588	---	---	---	40,588
Other	59,000	909,709	---	---	968,709
Total Instruction	\$ 425,850	\$ 909,709	\$ ---	\$ ---	\$ 1,335,559
Support Services:					
Student	\$ 18,071	\$ ---	\$ ---	\$ ---	\$ 18,071
Instructional staff	704	---	---	---	704
Administration	47,622	---	---	---	47,622
Operation and maintenance of plant	156,059	---	55,664	---	211,723
Transportation	109,031	10,008	27,800	---	146,839
Total Support Services	\$ 331,487	\$ 10,008	\$ 83,464	\$ ---	\$ 424,959
Non-instructional Programs	\$ 44,677	\$ ---	\$ ---	\$ ---	\$ 44,677

See accompanying independent auditor's report.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds				
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	Total Nonmajor Governmental Funds
Expenditures (Continued)					
Other Expenditures:					
Facilities acquisition	\$ ---	\$ ---	\$ 157,782	\$ ---	\$ 157,782
Long-term debt:					
Principal	---	---	---	1,390,000	1,390,000
Interest and fiscal charges	---	---	---	454,809	454,809
Total Other Expenditures	\$ ---	\$ ---	\$ 157,782	\$ 1,844,809	\$ 2,002,591
Total Expenditures	\$ 802,014	\$ 919,717	\$ 241,246	\$ 1,844,809	\$ 3,807,786
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 356,711	\$ 89,630	\$ 104,885	\$ (1,312,652)	\$ (761,426)
Other Financing Sources (Uses)					
Compensation for loss of fixed assets	\$ 15,619	\$ ---	\$ ---	\$ ---	\$ 15,619
Operating transfers in	---	---	---	1,318,095	1,318,095
Total Other Financing Sources (Uses)	\$ 15,619	\$ ---	\$ ---	\$ 1,318,095	\$ 1,333,714
Net Change in Fund Balances	\$ 372,330	\$ 89,630	\$ 104,885	\$ 5,443	\$ 572,288
Fund Balances Beginning of Year	1,013,378	485,160	339,821	177,145	2,015,504
Fund Balances End of Year	\$ 1,385,708	\$ 574,790	\$ 444,706	\$ 182,588	\$ 2,587,792

See accompanying independent auditor's report.

SCHEDULE "3"

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009**

	Balance June 30, 2008	Revenues	Expenditures	Intrafund Transfers	Balance June 30, 2009
District Wide Accounts	-----	-----	-----	-----	-----
Employee Awards	\$ 154	\$ ---	\$ ---	\$ ---	\$ 154
Miscellaneous	(309)	---	---	---	(309)
Western Trip	8,715	---	---	---	8,715
District Wide Interest	81,438	7,193	---	---	88,631
Student/Employee Wellness	549	---	300	---	249
	-----	-----	-----	-----	-----
Total District Wide	\$ 90,547	\$ 7,193	\$ 300	\$ ---	\$ 97,440
	-----	-----	-----	-----	-----
Epworth High School:					
Computer Technology	\$ 414	\$ 154	\$ 433	\$ ---	\$ 135
Poms	2,640	27,516	27,209	848	3,795
Dramatics Fund	2,295	7,142	7,257	---	2,180
Speech Club	824	2,383	1,661	---	1,546
Vocal Music	2,855	126,779	125,877	---	3,757
Instrumental Music	3,152	4,060	4,991	100	2,321
Show Choir	5,412	66,201	59,022	(848)	11,743
Model U.N.	730	2,291	2,115	---	906
Student Council	4,169	13,865	12,368	(50)	5,616
Future Farmers	(7)	38,822	37,866	(452)	497
Yearbook	11,702	22,620	10,386	---	23,936
Library Club	1,841	1,446	405	---	2,882
Close Up	32	---	---	---	32
Post Prom	2,785	1,843	1,415	---	3,213
National Honor Society	141	1,334	1,346	---	129
Class of 2012	---	2,161	2,102	75	134
Class of 2011	1,583	150	110	---	1,623
Class of 2010	1,808	9,285	4,707	---	6,386
Class of 2009	5,999	149	1,520	---	4,628
Class of 2008	4,159	---	25	---	4,134
Class of 2007	3,291	---	---	---	3,291
Class of 2006	698	---	---	---	698
Class of 2005	743	---	---	---	743
Class of 2003	899	---	---	---	899
Class of 2001	7	---	---	---	7
Future Business Leaders	890	5,543	5,302	305	1,436
Athletic Fund	112,314	248,523	224,584	(845)	135,408
Pop and Uniforms	2,429	3,223	2,108	377	3,921
Fundraiser	6,430	7,538	8,391	---	5,577
Band	893	600	1,664	---	(171)
Miscellaneous	193	3,472	570	(100)	2,995
	-----	-----	-----	-----	-----
Total Epworth High School	\$ 181,321	\$ 597,100	\$ 543,434	\$ (590)	\$ 234,397
	-----	-----	-----	-----	-----

See accompanying independent auditor's report.

SCHEDULE "3" (Continued)

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009**

	Balance June 30, 2008	Revenues	Expenditures	Intrafund Transfers	Balance June 30, 2009
	-----	-----	-----	-----	-----
Cascade High School:					
Poms	\$ 1,540	\$ 5,397	\$ 5,938	\$ (20)	\$ 979
Dramatics/Speech	9,027	14,092	13,262	---	9,857
Vocal Music	2,822	9,781	9,042	---	3,561
Instrumental Music	5,215	13,886	6,700	---	12,401
Band	---	---	1,510	150	(1,360)
Student Council	920	6,782	5,746	300	2,256
Future Farmers	67,949	61,911	56,264	---	73,596
Cheerleaders	190	3,030	3,034	---	186
National Honor Society	434	1,949	2,031	---	352
Spanish Club	190	---	---	---	190
Junior High	1,582	8,968	10,090	---	460
Class of 2010	---	---	345	345	---
Class of 2009	28	247	240	93	128
Class of 2008	1,520	---	822	---	698
Class of 2007	447	---	---	(438)	9
Athletic Fund	13,340	123,047	117,530	(430)	18,427
Pop and Uniforms	6,031	14,651	9,964	(250)	10,468
Yearbook	5,438	11,023	5,865	---	10,596
Miscellaneous	542	4,651	4,966	250	477
	-----	-----	-----	-----	-----
Total Cascade High School	\$ 117,215	\$ 279,415	\$ 253,349	\$ ---	\$ 143,281
	-----	-----	-----	-----	-----
Bernard Elementary:					
Student Expenses	\$ 5,475	\$ 4,653	\$ 3,785	\$ ---	\$ 6,343
	-----	-----	-----	-----	-----
Cascade Elementary:					
Student Expenses	\$ 10,615	\$ 8,574	\$ 7,118	\$ ---	\$ 12,071
School Photos	1,356	1,279	---	(2,339)	296
Student Council	1,128	763	578	2,339	3,652
	-----	-----	-----	-----	-----
Total Cascade Elementary	\$ 13,099	\$ 10,616	\$ 7,696	\$ ---	\$ 16,019
	-----	-----	-----	-----	-----
Dyersville Elementary:					
Student Expenses	\$ 3,828	\$ 1,231	\$ 2,090	\$ ---	\$ 2,969
Book Fair	---	611	698	---	(87)
School Photos	1,682	148	---	---	1,830
	-----	-----	-----	-----	-----
Total Dyersville Elementary	\$ 5,510	\$ 1,990	\$ 2,788	\$ ---	\$ 4,712
	-----	-----	-----	-----	-----

See accompanying independent auditor's report.

SCHEDULE "3" (Continued)

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND
STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2009**

	Balance June 30, 2008	Revenues	Expenditures	Intrafund Transfers	Balance June 30, 2009
	-----	-----	-----	-----	-----
Farley:					
Spring Fundraiser	\$ 17,192	\$ ---	\$ 7,492	\$ ---	\$ 9,700
Student Council	282	---	26	---	256
Yearbook	1,495	4,706	4,533	---	1,668
Vocal Music	---	2,312	3,562	1,512	262
Instrumental Music	---	10,460	11,827	1,381	14
Athletic Fund	519	3,708	12,920	8,807	114
Booster Club/PTO	455	---	---	---	455
Outdoor Education	2,841	200	2,785	---	256
Pop and Uniforms	4,287	2,183	1,507	(1,551)	3,412
Fitness Program	3,848	2,461	2,231	---	4,078
Book Fair	1,875	8,508	8,572	---	1,811
School Photos	12,891	3,978	---	(1,765)	15,104
Magazine/Newspaper Fundraiser	780	22,524	16,523	(5,917)	864
Grade 8 Class Trip	---	6,640	8,321	1,745	64
Various Groups	15,526	26,244	17,735	(3,622)	20,413
	-----	-----	-----	-----	-----
Total Farley	\$ 61,991	\$ 93,924	\$ 98,034	\$ 590	\$ 58,471
	-----	-----	-----	-----	-----
Epworth Elementary:					
Student Expenses	\$ 7,046	\$ 5,607	\$ 5,166	\$ ---	\$ 7,487
	-----	-----	-----	-----	-----
Peosta Elementary:					
Yearbook	\$ 962	\$ 1,303	\$ 1,132	\$ ---	\$ 1,133
Booster Club	2,204	2,000	---	---	4,204
Miscellaneous	(210)	5,546	4,033	---	1,303
	-----	-----	-----	-----	-----
Total Peosta Elementary	\$ 2,956	\$ 8,849	\$ 5,165	\$ ---	\$ 6,640
	-----	-----	-----	-----	-----
Total	\$ 485,160	\$ 1,009,347	\$ 919,717	\$ ---	\$ 574,790
	=====	=====	=====	=====	=====

See accompanying independent auditor's report.

SCHEDULE "4"

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST EIGHT YEARS**

	Modified Accrual Basis							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues								
Local Sources:								
Local tax	\$ 15,038,895	\$ 14,137,465	\$ 13,880,533	\$ 13,144,109	\$ 12,445,327	\$ 11,259,357	\$ 8,635,638	\$ 7,757,212
Tuition	804,929	825,845	830,306	717,011	651,757	631,073	576,731	598,362
Other	1,790,591	1,928,215	1,911,309	1,592,219	1,349,802	1,279,922	1,194,147	1,648,306
Intermediate Sources	9,988	12,488	1,306	6,459	---	4,108	80	---
State Sources	13,409,951	12,893,404	11,984,915	11,440,396	10,326,712	9,278,073	9,556,936	9,545,789
Federal Sources	1,176,914	801,897	850,311	1,416,939	1,464,404	950,399	1,552,042	776,270
Total	\$ 32,231,268	\$ 30,599,314	\$ 29,458,680	\$ 28,317,133	\$ 26,238,002	\$ 23,402,932	\$ 21,515,574	\$ 20,325,939

SCHEDULE "4" (Continued)

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST EIGHT YEARS**

	Modified Accrual Basis							
	2009	2008	2007	2006	2005	2004	2003	2002
Expenditures								
Instruction:								
Regular	\$ 10,570,155	\$ 10,197,183	\$ 10,311,911	\$ 9,154,370	\$ 8,469,963	\$ 8,377,622	\$ 8,181,683	\$ 8,286,275
Special	3,686,818	3,403,315	2,782,573	3,289,290	3,099,950	3,605,876	3,074,974	2,871,659
Other	3,793,523	3,400,738	3,020,372	2,105,981	2,667,318	2,129,419	2,108,320	2,046,932
Support Services:								
Student	979,946	904,763	841,912	819,965	692,460	666,742	589,805	626,819
Instructional staff	362,822	372,002	393,706	866,136	553,355	534,905	467,647	392,662
Administration	2,768,180	2,768,828	2,590,845	2,528,027	2,138,672	1,627,196	1,772,832	1,750,488
Operation and maintenance of plant	1,842,198	1,779,698	1,707,388	1,568,012	1,471,773	1,299,654	1,175,562	1,136,769
Transportation	2,204,821	2,476,922	2,227,582	2,121,983	2,002,883	1,708,369	1,435,289	1,297,138
Central support	---		---	---	1,244	93,387	10,950	
Non-instructional Programs	44,677	39,453	37,462	19,643	26,152	18,420	14,350	---
Other Expenditures:								
Facilities acquisition	629,749	719,111	965,701	649,303	6,953,304	5,427,398	5,825,035	750,806
Long-term debt:								
Principal	1,390,000	1,900,000	1,840,000	1,760,000	1,705,000	1,670,000	435,000	415,000
Interest and other charges	454,809	527,844	593,974	650,629	704,141	753,765	578,879	140,928
AEA flowthrough	1,168,250	1,096,770	1,042,947	974,359	903,083	872,561	920,041	918,733
Total	<u>\$ 29,895,948</u>	<u>\$ 29,586,627</u>	<u>\$ 28,356,373</u>	<u>\$ 26,507,698</u>	<u>\$ 31,389,298</u>	<u>\$ 28,785,314</u>	<u>\$ 26,590,367</u>	<u>\$ 20,634,209</u>

See accompanying independent auditor's report.

SCHEDULE "5"

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Grantor/Program	CFDA Number	Grant Number	Expenditures
-----	-----	-----	-----
Indirect Programs:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY09	\$ 60,212
National School Lunch Program	10.555	FY09	452,015

			\$ 512,227

U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY09	\$ 304,723
Career and Technical Education			
- Basic Grants to States	84.048	FY09	34,670
Safe and Drug Free Schools and Communities			
- State Grants	84.186	FY09	10,642
Improving Teacher Quality State Grants	84.367	FY09	164,050
State Assessment	84.369	FY09	18,038
ARRA - State Fiscal Stabilization - Special ED			
IDEA Part B	84.391	FY09	14,070
ARRA - State Fiscal Stabilization Fund -			
Education State Grants, Recovery Act	84.394	FY09	226,506
Keystone Area Education Agency:			
Special Education - Grants to States	84.027	FY09	207,192

			\$ 979,891

U.S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Medical Assistance Program	93.778	FY09	\$ 163,165

Total			\$ 1,655,283
			=====

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Western Dubuque County Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Western Dubuque County Community School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Western Dubuque County Community School District as of and for the year ended June 30, 2009, which collectively comprises the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 29, 2010. We expressed an unqualified opinion on the financial statements of the various opinion units of the primary government and an adverse opinion on the aggregate discretely presented component units due to the omission of the financial data for the District's legally separate component units. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western Dubuque County Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Western Dubuque County Community School District's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

1415 LOCUST STREET
P.O. BOX 743
DUBUQUE, IOWA 52004-0743
PHONE: (563) 582-7224
FAX (563) 582-6118

MEMBERS OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
IOWA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

e-mail: oconnorbrooks.com

901 SPRING STREET
P.O. BOX 294
GALENA, ILLINOIS 61036
(815) 777-1880
FAX (815) 777-3092

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Dubuque County Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Western Dubuque County Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Western Dubuque County Community School District and other parties to whom Western Dubuque County Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Western Dubuque County Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

O'CONNOR, BROOKS & CO., P.C.

O' Connor, Brooks + Co., P.C.,

Dubuque, Iowa

January 29, 2010

O'CONNOR, BROOKS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

G.L. HARDIN, CPA
W.H. LEGLAR, CPA
S.J. DOMEYER, CPA
M.A. KUEPERS, CPA
J.W. HANNAN, CPA
M.P. RUGGEBERG, CPA
P.C. MCCARTHY, CPA
E.A. SCHILLING, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of the
Western Dubuque County Community School District

Compliance

We have audited the compliance of Western Dubuque County Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Western Dubuque County Community School District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Western Dubuque County Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

1415 LOCUST STREET
P.O. BOX 743
DUBUQUE, IOWA 52004-0743
PHONE: (563) 582-7224
FAX (563) 582-6118

MEMBERS OF:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
IOWA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

e-mail: oconnorbrooks.com

901 SPRING STREET
P.O. BOX 294
GALENA, ILLINOIS 61036
(815) 777-1880
FAX (815) 777-3092

Internal Control Over Compliance

The management of Western Dubuque County Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Western Dubuque County Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit the District's responses and accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Western Dubuque County Community School District and other parties to whom Western Dubuque County Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

O'CONNOR, BROOKS & CO., P.C.

O'Connor, Brooks & Co., P.C.

Dubuque, Iowa
January 29, 2010

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Part I: Summary of Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements of the primary government. An adverse opinion was issued on the financial statements of the aggregate discretely presented component units due to the omission of the financial data for the District's legally separate component units.
- b) No material weaknesses were disclosed during the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) Major programs were as follows:

CFDA Number 84.010 - Title I Grants to Local Education Agencies
CFDA Number 84.367 - Improving Teacher Quality State Grants

Clustered Programs:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) Western Dubuque County Community School District did not qualify as a low-risk auditee.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Part II: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Noncompliance:

No matters were reported.

Significant Deficiencies:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, exceeded the amended certified budget amounts in the non-instructional programs and other expenditures functional areas.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure that the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-09 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-09 Business Transactions - No business transactions between the District and District officials or employees were noted.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.

IV-H-09 Deposits and Investments - The District purchased two certificates of deposit at rates below the minimum rates set by the State of Iowa.

Recommendation - The District should ensure the interest rate on all certificates of deposit purchased meet or exceed the minimum rates set by the State of Iowa as required by Iowa Code Section 12C.

Response - The District competitively bid two 90-day Certificates of Deposit on November 6th, 2008. Of the approved 7 bidders, the CD's were awarded on November 7th to American Trust with a winning bid of 1.42%. At the time, idle funds in the District's checking accounts were earning less than 1%, and interest rates on deposits in general were trending sharply downward. The current minimum interest rate as set by the State of Iowa at the time the CD's were awarded was 1.80%. The State of Iowa adjusts its minimum rates once per month, which in an environment of rapidly declining rates is not nearly frequent enough to provide an accurate reflection of rates actually attainable in the market place. To illustrate this point, four days after the CD's were awarded to American Trust, the State of Iowa drastically lowered its minimum interest rate to 1.35%, which was lower than the rate obtained for the term of the CD's. In fact, the rate was again lowered two more times over the duration of the term of the CD's, on December 9th and January 13th, to rates of 1.0% and 0.65% respectively. Simply put, the minimum rate as set by the State of Iowa was virtually unattainable at the time the CD's were put out for bid, and the rate the District was able to obtain did, in fact, turn out to be substantially higher than the State's minimum rate over the life of the CD's. In the future the District will continue to consult the minimum rates as set by the State of Iowa, but will also continue to use additional discretion when considering the purchasing of Certificates of Deposit.

Conclusion - Response accepted.

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-I-09 Certified Annual Report - The Certified Annual Report was certified timely to Iowa Department of Education.

IV-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	---
Statewide sales and services tax revenue			2,503,911
Expenditures/transfers out:			
School infrastructure:			
Buildings	\$	471,967	
Equipment		365,799	
Transfer to Debt			
Service Fund		1,318,095	2,155,861
		-----	-----
Ending balance		\$	348,050
			=====

**WESTERN DUBUQUE COUNTY COMMUNITY SCHOOL DISTRICT
FARLEY, IOWA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

Part IV: Other Findings Related to Required Statutory Reporting: (Continued)

IV-L-09 Student Activity Fund - Several Student activity accounts had deficit balances at June 30, 2009.

Recommendation - The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate deficits in the student activity accounts at the end of the fiscal year.

Conclusion - Response accepted.

IV-M-09 Unclaimed Property - The District has several outstanding checks listed on its reconciliations that appear to be unclaimed property.

Recommendation - These checks should be reported to the State Treasurer per Chapter 556.11 of the Code of Iowa.

Response - The District will report the amounts to the State Treasurer.

Conclusion - Response accepted.